



Department for
Business, Energy
& Industrial Strategy

The Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

Department for Business,
Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

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Dear Sir George,

Thank you for your email dated 9 April to the Chancellor of the Exchequer enclosing correspondence from one of your constituents about support for the UK travel industry during the Covid-19 pandemic and beyond. I am replying because this matter falls within my ministerial portfolio. I apologise for the time it has taken to respond.

The Government recognises the extremely difficult circumstances many businesses and consumers are currently facing. My departmental officials have held regular discussions with travel and tourism sector representatives including ABTA, travel businesses and consumer advocacy bodies to assess the impact of cancellations made in light of the Covid-19 outbreak.

Your constituent's email refers to temporary changes to the Package Travel Regulations to protect both businesses and consumers. Package travel agencies are required to comply with the Package Travel and Linked Travel Arrangements Regulations 2018, which protect consumers who have bought package holidays. There have been no changes to the law in this respect at EU level. Consumers are entitled to a refund if forced to cancel a package holiday due to unavoidable and extraordinary circumstances, which should be issued within 14 days, depending on the nature of the contract in place. These are particularly challenging times for the sector and some businesses are offering consumers alternative arrangements, including credit notes and vouchers, which consumers are able to choose should they wish. As set out by the European Commission, consumers must be offered a genuine choice between a refund or a credit note and be able to choose a refund if that is their preference. Travel operators should be clear with consumers as to the terms of credit notes provided, including what insolvency protections underpin them.

The Government understands that business operations will be disrupted during these difficult times and has responded to calls for liquidity support by launching an unprecedented set of financial support measures. These include the Coronavirus Job Retention Scheme (CJRS) and access to Government backed coronavirus business interruption loans for businesses of all sizes. As of 5 July, over £45 billion-worth of coronavirus loans have been issued to over 1 million businesses.

On Wednesday 8 July, the Chancellor delivered an economic update to Parliament, outlining the next stage in the Government's plan to secure Britain's recovery with a plan for jobs. In his speech, the Chancellor set out the Government's approach to

supporting jobs as the UK emerges from lockdown, including: a £1000 job retention bonus to UK employers for each employee on furlough who has been retained through to the end of January 2021; a VAT cut on tourism and hospitality related activities from 20% to 5% for six months; and a new 'Eat Out to Help Out' scheme where each Monday to Wednesday in August, customers can enjoy up to £10 off meals and non-alcoholic drinks per person in eligible cafes, pubs and restaurants.

The UK economic response, some of which I have covered above, is one of the most generous and comprehensive globally and the government is working urgently to ensure that businesses have access to the support they need as quickly as possible, to meet their obligations and minimise disruption to operations.

The final area your constituent highlighted was appropriate responses by financial payments companies – in particular, the actions of Merchant Acquirers, and separately credit card companies in relation to the application of chargebacks. Some acquirers (the financial services firms which enable retailers to process card payments) are taking voluntary measures to support their business customers, for example through waiving fees, and the Government welcomes such action.

The Payment Systems Regulator is currently carrying out a market review into card-acquiring services. Its review is examining how competition is working, including looking at the fees retailers pay for card-acquiring services and the quality of service they receive. Its interim findings will be published in Q3 2020.

I hope this helps to clarify the Government's position.



PAUL SCULLY MP

Minister for Small Business, Consumers and Labour Markets
Minister for London